

MOSES KOTANE LOCAL MUNICIPALITY



FINANCIAL STATEMENTS
2008/2009

MOSES KOTANE LOCAL MUNICIPALITY



Foreword by the Mayor 2008-2009

The 2008-2009 financial years brought new challenges as MKLM had to convert to the GRAP standards for accounting purposes. The restructuring of the Asset Register took considerable time to complete as the necessary information was not readily available. The technical task team had to rely on various service providers to obtain drawings and plans of infrastructure and assets transferred from state departments and the previous governing authorities. Although a reasonable reliable asset register was developed and compiled it will take at least another two years to complete the asset maintenance system to such a level that it will place the council in a position to manage and control all assets in detail.

The Integrated Development Plan was totally revised as well as Sectoral plans developed such as the Agriculture Master Plan, the Water Services Development Plan and the Spatial Development Framework.

The following table indicates major Capital Expenditure Projects during the Financial Year which was financed with MIG funds, External Loans, Internal Resources, Transfers and District Municipality funding to the amount of R million.

CAPITAL EXPENDITURE

Roads and stormwater	R	32 179 644
High mast- and Street lighting	R	15 320 291
Municipal Buildings	R	6 997 690
Parks and Sport Facilities	R	1 581 613
Library	R	168 720
Water provision	R	32 167 822
Land Transfers	R	23 956 474
Solid Waste Disposal Site	R	1 947 163
Vehicles and Equipment	R	12 814 965

Total **R 127 134 382**

Notwithstanding the above mentioned capital spending the backlog in service delivery remains a huge challenge and the council is doing it utmost best to provide services where it is the mostly needed.

The Council's Medium Term Revenue and Expenditure Framework for the next three years focus on addressing backlogs in water- and sanitation services while projects such as the new refuse disposal site will improve environmental management to a large extent. Attention is also given to improve recreation facilities and the Mogwase Stadium was upgraded with the support of Rustenburg Local Municipality to provide training facilities for the soccer world cup in 2010.

Please accept my appreciation for support from the Speaker, Chief Whip, Executive Committee members and all partime Councillors for their assistance in achieving the preset goals.

The Municipal Manager and his staff must also be commented for the hard work and dedication to achieve the preset goals.

Clr. L.P. MOLELEKENG
CHAIRPERSON OF THE EXECUTIVE COMMITTEE

MOSES KOTANE LOCAL MUNICIPALITY
REPORT OF THE CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED 30 JUNE 2009

1. INTRODUCTION

The 2008-2009 financial year brought new challenges as MKLM had to convert to the GRAP standards for accounting purposes. The restructuring of the Asset Register took considerable time to complete as the necessary information was not readily available. The technical task team had to rely on various service providers to obtain drawings and plans of infrastructure and assets transferred from state departments and the previous governing authorities. Although a reasonable reliable asset register was developed and compiled it will take at least another two years to the complete the asset maintenance system to such a level that it will place the council in a position to manage and control all assets in detail.

The Integrated Development Plan was totally revised as well as sectoral plans developed such as the Agriculture Master Plan, the Water Services Development Plan and the Spatial Development Framework.

The financial year ended with a surplus of R 48 082 521.

The surplus is due to the implementation of GRAP.

The implementation of GRAP also resulted in the increase of the Accumulated Surplus from R5 020 061 to R 67 622 135

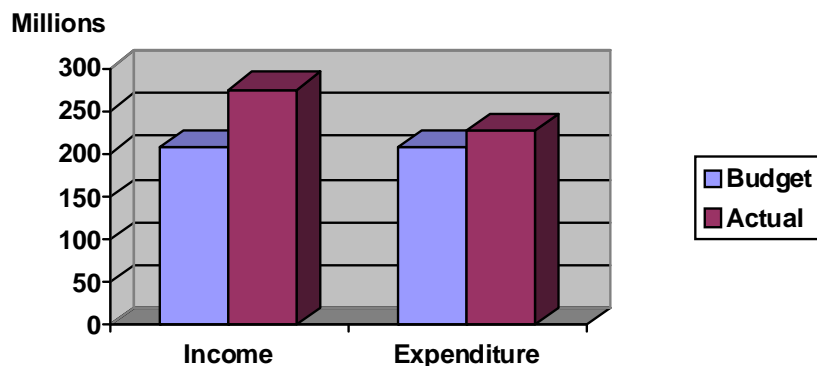
The decrease in debtors by an amount of R 5 422 801 is mainly due to payments received on outstanding service accounts from National- and Provincial Departments. Although payments were received the outstanding balances of National and Provincial Departments as well as Provincial Corporations (NWDC) amounted to R 28, 4 million on 30 June 2009. Liaison with the Department of Local Government and Housing (NW), the Office of The Premier and Provincial Treasury are in process to address this issue.

2. REVIEW OF OPERATING RESULTS

Details of the operating results per department and classification of income and expenditure are included in appendices D and E. A graphical presentation of the operating results is shown in the graph below:

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REPORT OF THE CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED 30 JUNE 2009

OPERATING RESULTS 2008/2009



The overall operating results for the year ending 30 June 2009 are as follows:

Description	Budget 2008//2009 R	Actual 2008/2009 R	Variance Actual! Budget %	Actual 2007/2008 R
INCOME				
Operating income for the year	206 129 174	275 075 270	33,45	171 404 298
Closing deficit				
	206 129 174	275 075 270	33,45	171 404 298
APPROPRIATIONS				
	1 000 000		-	
	207 129 174	275 075 270	32,80	171 404 298
EXPENDITURE				
Operating expenditure for the year	206 380 287	226 992 749	9,99	170 134 654
Closing surplus	748 887	48 082 521		1 269 644
	207 129 174	275 075 270	32,80	171 404 298

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OPERATING INCOME 2008/2009

The variation in income is mainly due to the transfer of the grant received for the implementation of capital projects to revenue. The grant transferred amounts to R 71 818 193.

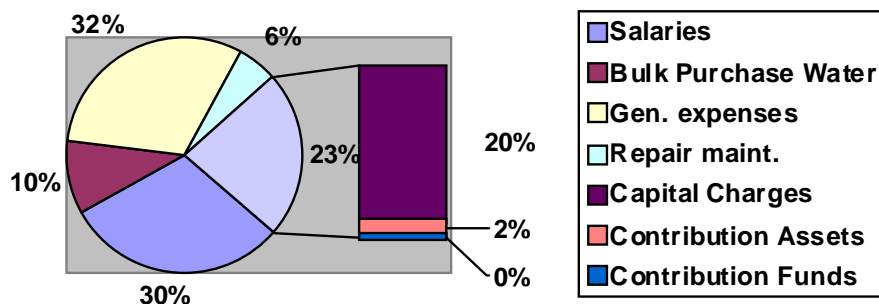
The amount received for Equitable Share also increased from R 85, 3 million to R 108, 1 million

The sale of water decreased by R8 million.

External service providers were appointed to investigate the loss in water supply.

3. OPERATING EXPENDITURE 2008/2009

The graph below indicates the breakdown per main expenditure group before inter departmental charges.



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FOR THE YEAR ENDED 30 JUNE 2009

The following shows the expenditure per grouping versus amounts budgeted:

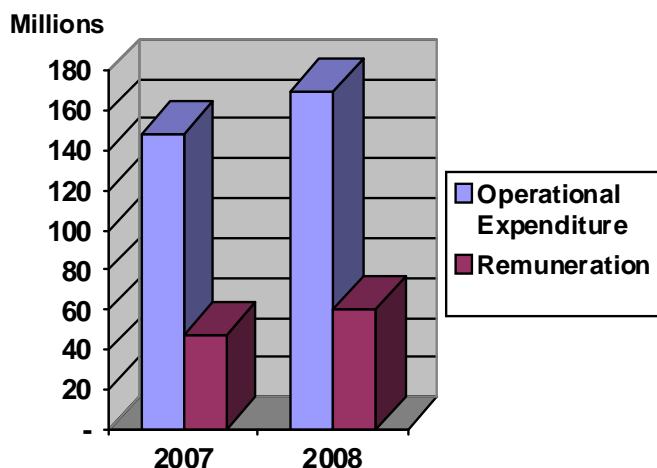
Expenditure	Budget 2008/2009 R	Actual 2008/2009 R	Difference Actual/Budget 2008/2009 R	Actual 2007/2008 R
Remuneration	79 319 879	72 028 450	7 291 429	60 678 757
Bulk Purchase of Water	23 000 000	23 748 060	(3 748 060)	24 635 277
General expenses	78 846 695	74 747 835	4 098 860	67 044 583
Repairs and Maintenance	15 455 500	13 482 462	1 973 038	12 648 630
Capital Charges	46 135 115	48 740 906	(2 605 791)	11 057 349
Contribution Fixed Assets	2 825 000	818 410	2 006 590	562 626
Contribution to Funds	4 760 120	4 460 120	300 000	3 905 759
Transfer to/from NDR's	(32 256 748)			0
Less: Amounts Charged out	(11 033 494)	(11 033 494)		(10 398 327)
Net expenditure	207 052 067	226 992 749	19 940 682	170 134 654

The variation between the budgeted amount and the actual expenditure is due to

- i) R40, 8 million The offsetting of depreciation against the operating budget.
- ii) R7, 2 million saving on salaries due to staff vacancies.
- iii) R0, 9 million saving on capital expenditure due to the installation of an IT network in the extension of the Civic Centre that did not materialized.

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3.1 REMUNERATION vs OPERATING EXPENDITURE



The increase in remuneration expenditure from the 2007/2008 financial year to the 2008/2009 financial year is due to the filling of vacancies as well as the appointment of temporary workers to full time employees.

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a decrease from 35, 67% in 2007/2008 to 31, 73 % in 2008/2009.

The saving on expenditure of R 7, 2 million on remuneration compared to the budget can be attributed to savings realized on vacancies not filled as well as vacancies filled at a later stage during the financial year.

3.2 GENERAL EXPENDITURE

SAVINGS

The following savings mainly contributed to the variation in budgeted and actual expenditure

- Refurbishment Cost R 1, 8 million

Various items were overspent due to the under provision for expenditure on the budget. The following increases in expenditure contributes to the variation in actual expenditure During the 2007/2008 and 2008/2009 financial years:

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- Audit Fees	R 0, 9 million
- Depreciation on Property Plant and Equipment	R40, 8 million
- Bulk Purchase of Water	R 0, 7 million
-Maintenance Vehicles	R 0, 4 million

A committee has been established to investigate the losses in water.

3.3 CAPITAL CHARGES

An amount of R13 878 367 was provided for the servicing of existing external loans as well as the raising of new loans.

An application for a loan was submitted to the Development Bank of South Africa for the financing of water projects which was approved by DBSA at a very late stage and resulted in savings on capital charges.

3.4 REPAIR AND MAINTENANCE

The over expenditure on repair and maintenance is due to the expenditure on the maintenance of water installations.

3.5 CONTRIBUTIONS

Provisions made for expenditure towards bad debts and leave liabilities were R3, 8 and R0, 4 million respectively.

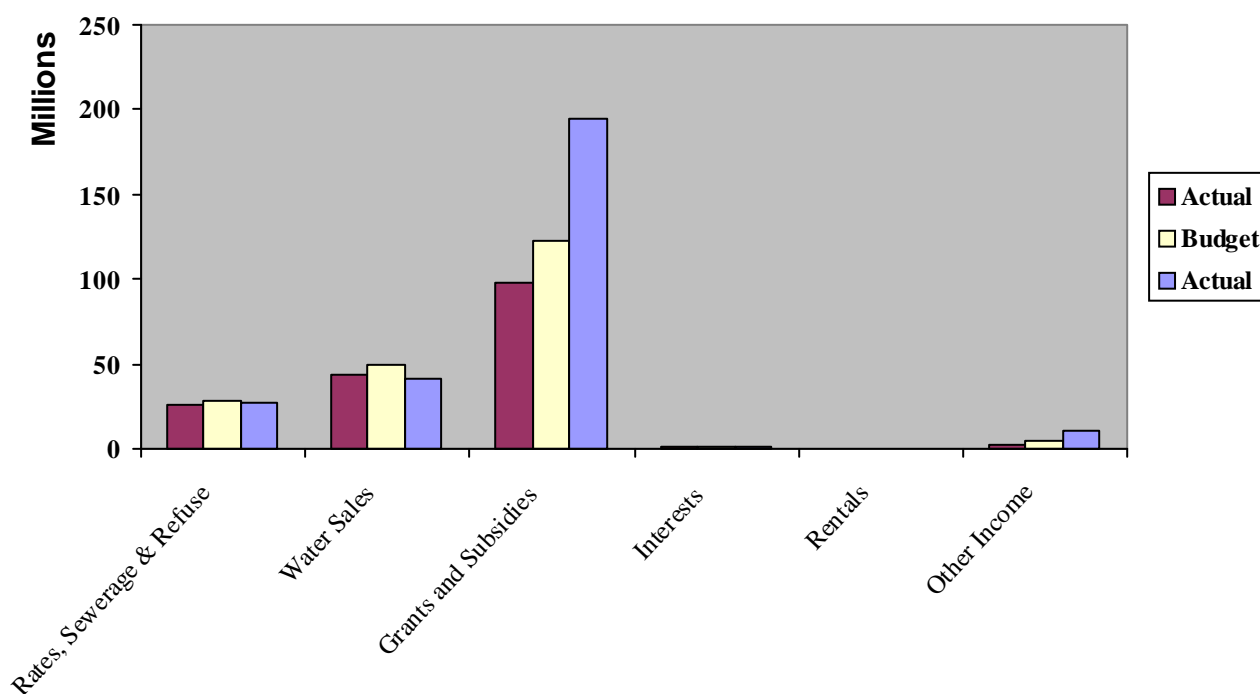
3.6 LESS: CHARGED OUT

The amount charged out represents administration cost and has no influence on the total expenditure

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4. OPERATING INCOME

The following graph is a presentation of the different income types.



Income per income category is as follows:

INCOME	Budget 2008/2009 R'	Actual 2008/2009 R'	Variance 2008/2009		Actual 2007/2008 R'
			R'	%	
Assessment Rates, Sewerage and Refuse	27 500 000	26 501 404	998 596	3,63	24 927 800
	994 000	985 913	8 087	0,81	908 963
Water Sales	48 978 800	40 952 399	8 026 401	16,39	43 360 222
Grants and subsidies	122 795 028	194 656 012	(71 860 984)	(58,52)	97 946 137
Interests	1 600 000	806 854	793 146	49,57	1 617 174
Rentals					
Other income	5 261 346	11 172 688	(5 911 342)	(112,35)	2 644 002
Totals	207 129 174	275 075 270	(67 946 096)	(32,80)	171 404 298

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4.1 USER LEVIED CHARGES:

ASSESSMENT RATES

The new Property Rates Act has been implemented as from 1 July 2008 which determined that property rate rates will be calculated on the improved value and no more on the land and improvements respectively

OTHER USER CHARGES

Description	Budget 2008/2009 R'	Actual 2008/2009 R'	Variance 2007/2008 %	Actual 2007/2008 R'
Assessment rates	27 500 000	26 501 404	3,63	24 927 800
Water Sales	48 978 800	40 952 399	6,39	43 360 222
Sewerage charges	381 425	358 180	6,09	345 629
Refuse removal	629 000	627 733	0,20	563 334
Totals	77 489 225	68 439 716	11,68	69 196 985

4.2 TARIFF CHARGES LEVIED:

A new tariff structure for property rates has been implemented as from 1 July 2009

4.3 GRANTS AND SUBSIDIES:

Description	2008/2009		2007/2008	
	Budget R'	Actual R'	Budget R'	Actual R'
Equitable Share	108 114 308	108 114 308	85 308 000	85 307 677
National grants	14 281 028	86 541 704	16 604 000	12 638 460
Provincial grants	400 000			
District Municipality				
Total	122 795 336	194 656 012	112 682 000	97 946 137

The variation in the actual amounts between the 2007/2008 and 2008/2009 financial years are

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due to the increase of the equitable share and the transfer of the Municipal Infrastructure Grant to revenue.

4.4 TRADING SERVICES

The total water services operation was transferred on 1 July 2006 and the trading results are indicated under user charges.

5. MUNICIPAL DEBT

At the end of the financial year the amounts borrowed and outstanding were as follow:

Type of debt	2008/2009 R'	2007/2008 R'
Long-term loans	73 482 370	62 759 201
External funds: Total	73 482 370	62 759 201

An amount of R15, 4 million was raised for the erecting of Community Halls and various Water projects.

6. ACCUMULATED FUNDS, RESERVES AND PROVISIONS

Detail of the reserves and provisions are stated in Notes 1, 3 and 10.

Description	2008/2009 R'	2007/2008 R'
Provision for leave	5 989 536	3 691 508
Provision for Bad Debt	35 144 950	22 124 944
Accumulated surplus	40 651 326	5 020 061

The increase in the Accumulated Surplus is due to the implementing GRAP

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7. DEBTORS

Details regarding the debtors are provided in Notes 9 and 10.

The consumer debtors decreased by R5, 4 million due to payment received from Provincial Government regarding outstanding service charges accounts.

The credit control measures for the recovering of outstanding debts will be strictly implemented

Description	2008/2009 R'	2007/2008 R'	2006/2007 R'
Debits levied	68 439 716	69 196 985	61 443 486
Balance on 1 July	81 511 960	52 159 381	29 214 485
Balance on 30 June	76 089 159	81 511 960	52 159 381
Average balance	78 800 560	66 835 521	40 686 933

8. CAPITAL EXPENDITURE AND FINANCING

As far as the capital expenditure is concerned, Council addressed the backlog in certain areas without neglecting the current assets. Backlogs in infrastructure were given a very high priority during the approval of the capital- and operating expenditure. In addition, the Council adhered to guidelines that National Treasury had set for capital expenditure while capital expenditure program was IDP driven. The expenditure incurred during the year in respect of fixed assets, amounted to R 127 134 382 which includes land transfers to the amount of R 23 956 474

A major task, which took seven years, was completed when thousands of hectares of land was transferred from the National Department of Land Affairs. The formal establishment of all town ships in Mogwase has now been completed and title deeds held by Grants converted in to freehold titles. The Council now owns thousands hectares of vacant land that can be made available for development purposes.

MOSES KOTANE LOCAL MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2009

The table shows the distribution of the fixed assets according to the type of asset:

Type of Asset	Original Budget 2008/2009 R'	Actual 2008/2009 R'	Actual 2007/2008 R'
Land and Buildings	7 456 000	4 873 115	5 627 569
Infrastructure	84 560 84	84 560 684	26 309 469
Community Assets	49 087 000	3 989 903	7 323 186
Heritage Assets		0	0
Other Assets	29 384 684	9 754 206	2 621 308
Land Transfer		23 956 474	226 143 000
Total	122 377 684	127 134 382	268 024 529

The above-mentioned fixed assets were financed from the following sources:

Type of finance	Budget 2008/2009 R'	Actual 2008/2009 R'	Actual 2007/2008 R'
External Loans	54 045 000	25 770 462	8 604 628
Capital Reserve Fund			983 883
Grants	117 125 131	95 774 667	256 663 329
Own Revenue	5 704 000	5 589 253	1 772 689
General Capital			
	176 995 131	127 134 382	268 024 529

SUBSEQUENT EVENTS

9. INVESTMENTS

External investments on 30 June 2009 amounted to R2 895 150 compared to R10 402 146 for 2007/2008.

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FOR THE YEAR ENDED 30 JUNE 2009

INVESTMENTS AS AT 30 JUNE 2009	
INSTITUTION	AMOUNT
ABSA Fixed Deposit-12 Months	162 801
ABSA Call Accounts	2 732 349
Total Investments	2 895 150

10. HOUSING

The council is acting as an agent for the Northwest Province for the building of RDP houses. The property on which the houses are build belongs to the Traditional Authorities in that area and not to the council.

The houses will also be the registered in the name of the beneficiary whom is receiving a subsidy from Provincial Government.

The money received from the Northwest Province is paid into a separate bank account from where the suppliers are being paid.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Executive Committee, Municipal Manager, Councilors and Departmental Managers for the support they have given to the department during the 2008/2009 financial year. A special word of appreciation is extended to the team of the Budget and Treasury Office for the months of hard work, sacrifices and dedicated efforts during the financial year to enable us to finalize these financial statements. A special word of thanks to my Deputy Director for his dedication and countless days and nights spend to achieve the goals.

J T Potgieter
Chief Financial Officer
Moses Kotane Local Municipality
Date: 31 October 2009

MOSES KOTANE LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
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MOSES KOTANE LOCAL MUNICIPALITY

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

SPEAKER

COUNCILLOR: M NONDZABA

MAYOR

COUNCILLOR: P. MOLELEKENG

MEMBERS OF THE EXECUTIVE COMMITTEE

COUNCILLOR: P L MOLELEKENG (CHAIRPERSON)

COUNCILLOR: D R TLABYANE

COUNCILLOR: G MTSHALI

COUNCILLOR: P MOLOI

COUNCILLOR: M F MOKATI-THEBE

COUNCILLOR: A SETOU

COUNCILLOR: E D MOGALE

COUNCILLOR: D E MEKGWE

MEMBERS OF THE COUNCIL

WARD	COUNCILLOR
1	H NDLOVU
2	V L LEFOROE
3	M P MOTLHABANE
4	M F MOKATI-THEBE
5	M G RAMAPOTOKA
6	D R TLABYANE
7	S S C NTSHABELE
8	D M LEOTO
9	K MOTSHEGOE
10	L NTSAMAI
11	MATSHERENG
12	B V MOATSHE
13	T MANGANYE
14	J L MASILO
15	M R SEEMA
16	J SELOTLEGO
17	M J TSHITE
18	A M LESEYANE
19	J MEKGWE
20	L KGASOANE
21	S VAVA
22	M K KHUNOU
23	T J KAU
24	L MAGOME
25	E MOSWEU
26	D MOFOLO
27	S MOGOROSI
28	L MOATE
29	T J MOENG
30	O D MAHUPELA

MOSES KOTANE LOCAL MUNICIPALITY

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

MEMBERS OF THE COUNCIL: PROPORTIONAL

COUNCILLOR

E D MOGALE
E MOLOTSI
G MTSHALI
M MOLATUDI
M NONDZABA
P L MOLELEKENG
M MONYATSI
M SEGODI
L NHLAPO
P BOSIELO
R DIALE
T P SEKOKO
A SETOU
J MOOKANENG
E T LEPHOTO

COUNCILOR

D E MEKGWE
C MONTSHO
M J DITIBANA
M RASEPAE
R MOTLHAGA
K NTSHWAGONG
D MODIKELA
B R MOTSHWAEDI
C P SEPHOTI
P B MATHOPE
P MOLOI
B RAKATANE
P M MAOTA
J MOKAE
G RAMORWESI

GRADING OF LOCAL AUTHORITY

NONE

AUDITOR

The Auditor General

BANKERS

ABSA Bank Rustenburg

REGISTERED OFFICE

Civic Centre
Mogwase

Private Bag X 1011
Mogwase
O314

Telephone: (014) 555 1300
Fax : (014) 555 6368
Email : municipalmanager@moseskotane.gov.za

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 53 were approved by the Municipal Manager on 31 October 2009 . It will be presented to the Executive Committee and Council during December 2009 .

MUNICIPAL MANAGER

Mr. G.J. Moatshe (B. Com; B. Ed.)

CHIEF FINANCIAL OFFICER

Mr. J.T POTGIETER (A.I.T.C.)

MOSES KOTANE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP).

The Standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GAMAP 4	Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 & 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 30.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on a going concern basis.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GRAP municipalities are expected to transfer the balances held in certain funds, created in terms of various Provincial Ordinances, to the Capitalisation Reserve. This municipality had no funds established in terms of previous legislation with the result that there are no transactions reflected in this regard.

Capitalisation Reserve (Continued)

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National

Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit) via the Statement of Changes in Net Assets.

5.4 Public Contributions Reserve

When items of property, plant and equipment are financed from donations or public contributions, a transfer is made from the accumulated surplus to the Public Contributions Reserve equal to the donations or public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives which are reflected and approved by council in the Asset Management Policy of the Council;

	<u>Years</u>	<i>Other</i>	<u>Years</u>
<i>Infrastructure</i>			
Roads and Paving	10	Buildings	30
Streetlights	25	Specialist vehicles	10
Water Meters	20	Motor Vehicles Petrol	5
Electricity	30	Motor Vehicles Diesel	7
Water	20	Office equipment	5
Sewerage	20	Furniture and fittings	7
		Bins and containers	5
<i>Community</i>		Specialised plant and equipment	10
Buildings	30	Other items of plant and	
		Equipment	2-5
Recreational Facilities	30	Landfill sites	30
Swimming Pools	20		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at cost in certain instances while property transferred by the Department of Land Affairs in recent years are stated at the latest municipal valuation as reflected in the valuation roll.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Municipal Entities

Municipality

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

Group

The financial statements of the Moses Kotane Development Agency are attached

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charge is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease

21. RETIREMENT BENEFITS

The municipality does not provide retirement benefits for its employees and councillors.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance

23. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

MOSES KOTANE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

NET ASSETS AND LIABILITIES	Notes	2009 R	2008 R
NET ASSETS		447 159 921	583 103 413
Government Grant Reserve		379 537 786	553 597 601
Capitalisation Reserve		0	
Donations and Public Contribution Reserve		0	
Accumulated Surplus		67 622 135	29 505 812
NON - CURRENT LIABILITIES		65 728 550	58 627 686
Long - Term Liabilities	1	65 728 550	58 627 686
Non - Current Provisions			
CURRENT LIABILITIES		85 570 578	66 580 278
Consumer Deposits			
Provisions			
Creditors	3	54 829 362	38 832 422
Unspent Conditional Grants and Receipts	4.1	14 489 902	14 053 702
VAT	5	8 497 493	9 562 639
Bank Overdraft			
Current Portion of Long- Term Liabilities	1	7 753 821	4 131 515
TOTAL NETT ASSETS AND LIABILITIES		598 459 049	708 311 377
ASSETS			
NON - CURRENT ASSETS		480 461 679	625 004 051
Property, Plant and Equipment	6	480 298 878	624 856 393
Investment	7	162 801	147 658
Long - Term Receivables			
CURRENT ASSETS		117 997 370	83 307 326
Inventory	8	45 635 674	2 309 776
Consumer Debtors	9 & 10	40 944 209	59 387 016
Other Debtors	11	23 416 147	5 863 819
Current Portion of Long- Term Debtors			
Call Investment Deposits	12	2 732 349	10 254 488
Bank Balance and Cash	13	5 268 991	5 492 227
TOTAL ASSETS		598 459 049	708 311 377

MOSES KOTANE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property Rates	14	26 501 404	24 927 800
Property Rates - Penalties imposed and collection charges			
Service Charges	15	41 938 312	44 269 185
Rental of facilities and equipment			
Interest earned - external investment	22	806 854	
Interest earned - outstanding debtors			
Traffic Fines	App E	2 480 455	
Government Grants and Subsidies	16	194 656 012	97 946 137
Other Income	17	3 117 291	4 261 176
Sale of Stands	App E	5 420 545	
Gains on disposal of property plant and equipment	App E	154 397	
TOTAL REVENUE		275 075 270	171 404 298
EXPENDITURE			
Employee related costs	18	59 773 590	49 748 565
Remuneration of Councilors	20	12 254 860	11 233 308
Bad Debts		3 860 120	2 472 831
Collection Costs		0	0
Depreciation	6	40 771 995	0
Repairs and Maintenance		15 467 640	12 648 630
Interest paid	21	7 785 875	7 371 969
Finance charges on external loans		183 036	
Bulk purchases	22	23 748 060	24 635 277
Contracted services		13 686 997	13 691 108
Contribution to funds		600 000	1 432 928
Contribution to capital expenditure		818 410	562 626
General Expenses		48 036 584	46 337 412
Loss on disposal of property, plant and equipment		5 582	0
TOTAL EXPENDITURE		226 992 749	170 134 654
SURPLUS FOR THE YEAR		48 082 521	1 269 644
Refer to Appendix E for the comparison with the approved budget			

MOSES KOTANE LOCAL MUNICIPALITY STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009						
	Pre -GAMAP Old Reserves and Funds R	Government Grants Reserves R	Capitalisation Reserves R	Donation and Public contribution Reserves R	Accumulation Surplus / (Deficit)	Total R
2008						
Balance at 1 July 2007	657 624 727				14 768 705	672 393 432
Implementation of GAMAP (Note 25)	-657 624 727	320 027 068			34 530 669	-303 066 990
Restated balance	0	320 027 068			49 299 374	369 326 442
Surplus/ (Deficit) for the year					1 269 644	1 269 644
Capital grants used to purchase PPE		256 663 329			-256 663 329	
Donated / Contributed PPE		-23 092 796			23 092 796	
Offsetting of depreciation						
Balance at 30 June 2008		553 597 601			-183 001 515	370 596 086
2009						
Correction					212 507 327	212 507 327
Restated balance		553 597 601			29 505 812	583 103 413
Surplus /Deficit for the year					48 082 521	48 082 521
Capital grants used to purchase PPE		71 818 193			-71 818 193	
Donated/ Contributed PPE						
Assets disposal		-4 142 404			4 142 404	
Offsetting of depreciation		-35 492 310			35 492 310	
Correction of error		-206 243 294			22 217 281	22 217 281
Balance at 30 June 2009		379 537 786			67 622 135	447 159 921

MOSES KOTANE LOCAL MUNICIPALITY			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009			
	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		264 039 128	199 404 798
Cash paid to suppliers and employees		-141 504 849	-162 675 747
Cash generated from /(utilised in) operations	27	122 534 279	36 729 051
Interest received	22	806 854	1 617 174
Interest paid	21	-7 785 875	-7 371 972
NET CASH FROM OPERATION ACTIVITIES		<u>115 555 258</u>	<u>30 974 253</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	-103 177 908	-41 881 528
Proceeds on disposal of property, plant and equipment	App E	154 397	0
Loss on disposal of property, plant and equipment	27	-5 582	
Decrease in non- current receivables			
Increase in non- current investment	7	15 143	10 675
NET CASH FROM INVESTING ACTIVITIES		<u>-103 013 950</u>	<u>-41 870 853</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)	App A	15 410 365	10 000 000
Increase in consumer deposits		0	0
NET CASH FROM FINANCING ACTIVITIES		<u>15 410 365</u>	<u>10 000 000</u>
NET DECREASE IN CASH AND CASH EQUIPMENT		<u>27 951 673</u>	<u>-896 600</u>
Cash and cash equivalents at the beginning of the year	28	15 746 715	96 008 269
Cash and cash equivalents at the end of the year		<u>7 904 850</u>	<u>15 746 715</u>

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1. LONG - TERM LIABILITIES		
Annuity Loans	73 482 371	62 759 201
Sub- total	73 482 371	62 759 201
Less : Current portion transferred to current liabilities	7 753 821	4 131 515
Total External Loans	<u>65 728 550</u>	<u>58 627 686</u>
Refer to Appendix A for more detail on long- term liabilities		
2. PROVISIONS		
Performance bonus	0	0
Total provisions	<u>0</u>	<u>0</u>
Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.		
No performance bonuses were paid during the 2007/2008 financial year		
3. CREDITORS		
Trade creditors	27 819 490	13 711 269
Payments received in advance	128 634	128 634
Staff leave	5 989 536	3 691 508
Sundry Creditors Suspense	20 891 702	18 015 848
Housing		3 285 163
TOTAL	<u>54 829 362</u>	<u>38 832 422</u>

MOSES KOTANE LOCAL MUNICIPALITY						
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)						
	2009 R	2008 R				
4. UNSPENT CONDITIONAL GRANTS AND RECEIPTS						
4.1 Conditional Grants from other spheres of Government						
MIG Grants	13 139 522	5 818 057				
Refurbishment Grant	910 893	7 796 158				
Drought Relieve	439 487	439 487				
Total Contribution Grants and Receipts	<u>14 489 902</u>	<u>14 053 702</u>				
See Note 18 for reconciliation of grants from other spheres of government.						
5. VAT						
VAT Payable	<u>8 497 493</u>	<u>9 562 639</u>				
VAT is payable on the receipt basis. Only once payment is received from debtors VAT is paid over to SARS						
6. PROPERTY, PLANT AND EQUIPMENT						
30 JUNE 2009						
	Land and Buildings	Infrastructure	Community	Heritage	Other	Total
Reconciliation of Carrying Value	R	R	R	R	R	R
Carrying value at 1 July 2008	257 139 251	307 476 702	43 595 025	14 000	16 631 415	624 856 393
Cost	258 082 964	633 545 118	44 572 604	14 000	33 374 662	969 589 348
Correction of error (note 27)						
Accumulated depreciation	-943 713	-326 068 416	-977 579	0	-16 743 247	-344 732 955
Acquisitions	28 829 589	84 560 684	3 989 903	0	9 754 206	127 134 382
Capital under Construction						
Depreciation	-189 906	-35 419 080	-755 503	0	-4 407 506	-40 771 995
Carrying value of disposals	-226 143 000		-4 035 795		-741 107	-230 919 902
Cost	-226 143 000		-4 174 960		-1 200 600	-231 518 560
Accumulated depreciation			139 165		459 493	598 658
Impairment losses						
Other movement						
Carrying values at 30 June 2009	59 635 934	356 618 306	42 793 630	14 000	21 237 008	480 298 878
Cost	60 769 553	718 105 802	44 387 547	14 000	41 928 268	865 205 170
Accumulated depreciation	-1 133 619	-361 487 496	-1 593 917	0	-20 691 260	-384 906 292

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009(Continued)

6. PROPERTY, PLANT AND EQUIPMENT(Continued)

30 JUNE 2008

	Land and Buildings	Infrastructure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Reconciliation of Carrying Value at 1 July 2007						
Carrying value at 1 July 2007	25 581 446	305 559 772	36 760 967	14 000	16 504 603	384 420 788
Cost	26 312 399	607 235 649	37 249 418	14 000	30 753 354	701 564 820
Accumulated depreciation	-730 953	-301 675 877	-488 451	0	-14 248 751	-317 144 032
Acquisitions	231 770 565	26 309 469	7 323 186	0	2 621 308	268 024 528
Capital under construction						
Depreciation	-212 760	-24 392 539	-489 128	0	-2 494 496	-27 588 923
Carrying value of disposals						
Cost/ revaluation						
Accumulated depreciation						
Impairment losses						
Other movements						
Carrying value at 30 June 2008	257 139 251	307 476 702	43 595 025	14 000	16 631 415	624 856 393
Cost	258 082 964	633 545 118	44 572 604	14 000	33 374 662	969 589 348
Correction of error (note 27)						
Accumulated depreciation	-943 713	-326 068 416	-977 579	0	-16 743 247	-344 732 955

MOSES KOTANE LOCAL MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)			
	2009 R	2008 R	
7. INVESTMENTS			
Financial Instruments			
ABSA Fixed Deposit	162 801	147 658	
	<u>162 801</u>	<u>147 658</u>	
An amount of R107 700 of the investment is ceded to Escom serving as a electricity deposit at the Civic Centre			
8. INVENTORY			
Maintenance Materials - at cost	2 992 426	2 309 776	
Water at Cost	35 752		
Unsold Properties held for resale	42 607 496		
Total Inventory	<u>45 635 674</u>	<u>2 309 776</u>	
9. CONSUMER DEBTORS			
	Gross Balances R	Provision for Bad Debts R	Net Balance R
As at June 2009			
Service debtors			
Rates, Refuse and Sewerage	37 313 458		37 313 458
Water	38 775 701	-35 144 950	3 630 751
Total	<u>76 089 159</u>	<u>-35 144 950</u>	<u>40 944 209</u>

MOSES KOTANE LOCAL MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)			
10. CONSUMER DEBTORS	Gross Balances R	Provision for Bad Debts R	Net Balance R
As at June 2008			
Service debtors			
Rates, Refuse, Sewerage and Water	81 511 960	-22 124 944	59 387 016
Total	81 511 960	-22 124 944	59 387 016
(Rates, Water, and Sewerage) : Ageing			
Current(0-30days)		813 708	5 671 860
31 -60 DAYS		5 847 404	17 309 649
61-90 Days		1 928 949	2 025 221
91-120 Days		67 479 710	56 505 230
Total		76 069 771	81 511 960
Summary of Debtors by Customer Classification	Consumers R	Industrial/ Commercial R	National and Provincial Government R
30 June 2009			
Current 0-30 Days	1 670 487	1 541 522	-2 398 301
31 -60 Days	4 061 842	984 596	800 966
61-90 Days	1 265 434	272 940	390 575
91-120 Days	35 272 849	10 665 061	21 541 800
Sub Total	42 270 612	13 464 119	20 335 040
Less - Provision for bad debts	-13 020 006		
Total debtors by customer classification	29 250 606	13 464 119	20 335 040
Summary of Debtors by Customer Classification			
30 June 2008			
Current(0-30days)	399 508	6 693 496	775 383
31 -60 DAYS	932 279	1 602 401	346 864
61-90 Days	6 727 525	1 333 907	9 248 216
91-120 Days	23 306 383	13 998 725	16 147 272
Less - Provision for bad debts	-22 124 944		
Total debtors by customer classification	9 240 751	23 628 529	26 517 735
Reconciliation of the bad debts provision			
Balance at the beginning of the year	22 124 944	15 002 956	
Contribution to provision	13 020 006	7 121 988	
Bad debts written off against provision	0	0	
Reversal of provision			
Balance at the b end of the year	35 144 950	22 124 944	
11.OTHER DEBTORS	2009 R		2008 R
Sundry Debtors	181 985		182 674
Suspense Debtors	22 872 306		5 319 289
sale of stands Unit 5	361 856		361 856
Total Other Debtors	23 416 147		5 863 819
12.CALL INVESTMENT DEPOSITS			
ABSA Call Account	510 121		4 435 548
ABSA Call Account MIG	167 447		3 243 744
ABSA Call Account Extension of the Civic Centre	184 711		2 567 663
ABSA Call Account Water and Sanitation Project	1 862 057		
ABSA Call Account Housing Projects	8 013		7 533
Total Call investments	2 732 349		10 254 488

MOSES KOTANE LOCAL MUNICIPALITY		
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)		
	2009 R	2008 R
13. BANK, CASH AND OVERDRAFT BALANCES		
The municipality has the following bank accounts		
Current Account (Primary Bank Account)		
ABSA Rustenburg Branch Account Number: 405 041 4471		
Cash book balance at beginning of year	4 277 800	6 088 112
Cash book balance at end of year	4 174 959	4 277 800
Bank Statement balance at beginning of year	6 045 852	7 529 637
Bank Statement balance at end of year	3 340 224	6 045 852
Mabeskraal Library Account Account Number: 405 921 9133		
Cash book balance at beginning of year	92 182	93 404
Cash book balance at end of year	0	92 182
Bank Statement balance at beginning of year	92 182	93 404
Bank Statement balance at end of year	0	92 182
Housing Account Account Number: 405 921 9109		
Cash book balance at beginning of year	1 047 791	2 456 953
Cash book balance at end of year	91 562	1 047 791
Bank Statement balance at beginning of year	1 047 791	2 456 953
Bank Statement balance at end of year	91 562	1 047 791
LED Account Account Number: 405 921 8917		
Cash book balance at beginning of year	50 421	52 659
Cash book balance at end of year	0	50 421
Bank Statement balance at beginning of year	50 421	52 659
Bank Statement balance at end of year	0	50 421
Traffic Account Account Number: 407 011 8019		
Cash book balance at beginning of year	21 033	0
Cash book balance at end of year	999 470	21 033
Bank Statement balance at beginning of year	21 033	0
Bank Statement balance at end of year	999 470	21 033
Petty Cash	3 000	3 000
Total Bank Balance	5 268 991	5 492 227

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009	2008
	R	R
14. PROPERTY RATES		
Actual		
Residential	1 042 476	843 802
Commercial	1 852 902	2 244 180
State	4 389 609	3 221 676
Holiday Resorts	18 170 977	17 423 962
Mining	1 045 440	1 194 180
Total Assessment Rates	26 501 404	24 927 800
Valuations		
Residential	476 869 200	202 601 000
Commercial	159 162 000	70 458 000
Industrial	189 818 000	22 610 300
State	746 688 000	377 238 100
Churches	30 038 000	15 530 000
Mining	45 900 000	45 300 000
Other Holiday Resorts	177 400 000	175 000 000
Sun City	481 000 000	450 000 000
Municipal	47 210 000	3 725 300
Farms and Tribal Land	525 212 500	359 452 800
Escom Servitudes	15 400 000	12 510 000
Total Property Valuations	2 894 697 700	1 734 425 500
15. SERVICE CHARGES		
Sale of water	40 952 399	43 360 222
Refuse removal	627 733	563 334
Sewerage and sanitation charge	358 180	345 629
Total Service Charges	41 938 312	44 269 185

MOSES KOTANE LOCAL MUNICIPALITY		
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)		
	2009 R	2008 R
16. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	108 114 308	85 307 677
MIG Grant	71 818 193	43 278 863
Municipal Systems Improvement Grant	735 000	734 000
Finance Management Grant	500 000	250 000
DWAF Refurbishment Grant	2 000 000	4 081 375
DWAF Operating and Maintenance Grant	9 255 750	7 094 250
Project Management Unit	2 232 761	478 835
Total Government Grants and Subsidies	194 656 012	141 225 000
16.1 Equitable share		
In terms of the Constitution this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to their monthly account with a maximum water consumption of 6 kilolitres.		-
All household consumers are receiving a monthly water subsidy of 6 kilolitres		
16.2 MIG Grant		
Balance unspent at beginning of year	5 818 057	0
Current year receipt	71 818 193	43 278 863
Conditions met - transferred to revenue	64 496 728	37 460 806
Conditions still to be met - transferred to liabilities	13 139 522	5 818 057
16.3 Municipal System Improvement Grant		
Balance unspent at the beginning of year	0	304 000
Current year receipts	735 000	734 000
Conditions met - transferred to revenue	735 000	1 038 000
Conditions still to be met	0	0
16.4 Finance Management Grant		
Balance unspent at the beginning of year	0	
Current year receipts	500 000	250 000
Conditions met - transferred to revenue	500 000	250 000
Conditions still to be met	0	0
16.5 DWAF Refurbishment Grant		
Balance unspent at the beginning of year	7 796 158	4 809 544
Current year receipts	2 000 000	11 217 000
Conditions met - transferred to revenue	8 885 265	8 230 386
Conditions still to be met - transferred to liabilities	910 893	7 796 158
16.6 DWAF Operating and Maintenance Grant		
Balance unspent at the beginning of year	0	0
Current year receipts	9 255 750	7 094 250
Conditions met - transferred to revenue	9 255 750	7 094 250
Conditions still to be met	0	0
16.7 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act (Act no of 2009) The equitable share will increase by 24% in the 2009/2010 financial year and the MIG allocation will be reduced by 14% in the 2011/2012 financial year.		

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

17. OTHER INCOME

Other	640 858	78 252
Photo Copies	12 519	226 762
Rent Offices	24 897	
Refuse Dump Charges	324 000	324 000
Clearance Certificates	4 601	960
Refund LGSETA	167 137	
Water drawn from water Tanks	522	
Water Connections	540 339	190 206
Advertising	4 257	6 830
Refund Training	10 499	22 180
Machinery and Equipment Hire	14 071	36 429
Cemetery Fees	11 547	6 645
Interest Received Current Account	864 009	611 407
Property Transfer Fees	1 050	5 435
Building Inspection Plan Fees	197 203	24 997
Tender Document Sales	290 080	157 088
Blocked Drains	9 702	
Traffic Fines		952 811
Interest Received on Investments		1 617 174
Total Other Income	<u>3 117 291</u>	<u>4 261 176</u>

18. EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	46 347 597	37 746 599
Employee related costs - contribution for UIF,pension and medical aids	9 492 716	8 260 036
Travel, motor car,accomodation,subsistence and other allowances	1 314 457	979 764
Housing benefits and allowances	640 506	615 663
Overtime payment	1 978 314	2 146 503
Performance bonus	0	0
Less :employee cost included in other expenses	0	0
Total	<u>59 773 590</u>	<u>49 748 565</u>

Remuneration of the Municipal Manager

Annual Remuneration	596 384	530 581
Performance Bonuses		
Car allowance	108 000	107 065
Contribution to UIF,medical and pension funds	137 037	138 860
Total	<u>841 421</u>	<u>776 506</u>

MOSES KOTANE LOCAL MUNICIPALITY					
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)					
		2009		2008	
19. Remuneration of the Chief Finance Officer		R		R	
Annual remuneration		695 001		530 667	
Performance bonuses					
Car allowance		64 200		53 500	
Contribution to UIF,medical and pension funds		1 539		1 198	
Total		760 740		585 365	
The CFO was appointed as from 1 September 2007					
Remuneration of Individual Executive Directors	Technical Service	Corporate Services	Community Services	Housing and LED	Strategic Management
30 June 2009					
Annual Remuneration	1 488 363	537165	464 600	486 332	457866
Performance bonuses					
Car allowance	257 670	97146	80 254	58 672	98422
Contribution to UIF,medical and pension funds	365 602	42516	130 594	130 444	119963
Total	2 111 635	676827	675 448	675 448	676251
30 June 2008					
Annual Remuneration	1072997	347996	416739	445693	415013
Performance bonuses					
Car allowance	192611	58336	84531	59629	101633
Contribution to UIF,medical and pension funds	267267	8281	118663	118014	106694
Total	1532875	414613	619933	623336	623340
20. REMUNIRATION OF CONCILLORS		2009		2008	
		R		R	
Mayor's allowance		332 196		291 955	
Speaker		263 671		232 013	
Executive Committee member's allowance		1 597 267		1 530 034	
Chief Whip		246 181		215 765	
Councilor's allowance		5 013 252		4 369 258	
Travelling allowance		2 759 957		2 663 577	
Telephone		604 351		579 000	
Pension Fund Contribution		1 024 352		971 617	
Medical Aid Contribution		413 633		380 089	
Total councilors' Remuneration		12 254 860		11 233 308	
21. INTEREST PAID					
Long -term liabilities		7 785 875		7 371 972	
Total Interest on External Borrowings		7 785 875		7 371 972	
22. Interest Received					
Interest received on Investments		806 854		1 617 174	
22. Bulk purchases					
Water		23 748 060		24 635 277	
Total Bulk Purchases		23 748 060		24 635 277	
23. GRANT AND SUBSIDIES PAID		None		None	
24. GENERAL EXPENSES					
Rental Operating Lease		443 146		253 160	
Included in General Expenses are rental leases for office equipment from Gestetner and Bakwena Systems Integrators (Pty) Ltd The municipality do not have the option to take over ownership of the equipment when the lease period expires					

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009	2008
	R	R
25. Change in Accounting Policy - Implementation of GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP		
 25.1 Statutory Funds		
Balance previously reported;		
Land Trust Fund		595 888
VUNA Awards		750 000
Goat feedlot		209 393
Loans Redeemed and Other Capital Receipts		657 624 727
Total		659 180 008
 Implementation of GAMAP		
Transferred to accumulated Surplus/(Deficit)		339 152 940
Transferred to government grants reserve		320 027 068
		659 180 008
 25.2 Provision and Reserves		
Balance previously reported		
Staff bursary reserve		
Total		0
 Implementation of GAMAP		
Transferred to accumulated surplus/(deficit)		
 25.3 Inventory		
Balance previously reported		
Implementation of GAMAP		
Transferred from Accumulated Surplus - Refer Note 25.7		
Total		0
Unsold Properties held for resale		
 25.4 Non- current provisions		None

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

25.5 Property, Plant and Equipment	None
Balance previously reported	
Implementation of GAMAP	
25.6 Accumulated Depreciation	
balance previously reported	0
Implementation of GAMAP	
Backlog Depreciation : Land and Buildings - Refer Note 25.7	-49 445
Backlog Depreciation : Infrastructure - Refer Note 25.7	-300 301 961
Backlog Depreciation ; Community Assets - Note 25.7	-298 153
Backlog Depreciation : Other Assets - Note 25.7	-3 972 712
Total (debited to accumulated surplus/(deficit))	<u>-304 622 271</u>
25.7 Accumulated Surplus/(Deficit)	
Implementation of GAMAP	
Adjustment to inventory - Refer Note 25.3	
Excessive provision and reserve no longer permitted	
Transferred from statutory funds	339 152 940
Backlog Depreciation - Note 25.6	-304 622 271
Total	<u>34 530 669</u>
26.1 CORRECTION OF ERROR	
Contribution from Government Grants	4 056 768
Unspent Conditional Grants - MIG	-4 057 768
Net effect on surplus/(deficit)	<u>0</u>
Financing of water project capitalized during 2007/2008 financial year from Government Grants (MIG) instead of external loans from DBSA	
26.2	
Government Grants	578 686
Assets Water	-578 686
Net effect on surplus/(deficit)	0
Vehicles transferred from Magalies Water Board capitalized at R679 117 instead of R100 431	
Net effect on surplus/(deficit)	<u>0</u>

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

27. CASH GENERATED BY OPERATIONS		2009 R	2008 R
Surplus/(Deficit)for the year	App E	48 082 521	1 269 644
Adjustment for , -			
Previous years operating		-14 519 953	-10 492 869
Depreciation	6	40 771 995	27 588 923
After balance sheet transaction			98 295
Gain on disposal of property, plant and equipment	App E	-154 397	
Loss on disposal of property, plant and equipment		5 582	
Contribution to provisions - non -current			
Contribution to provisions - current			
Interest paid	21	7 785 875	7 371 972
Investment income	22	-806 854	-1 617 453
Non Operating Expenditure			
Non Operating Income			
Operating surplus before working capital changes:		81 164 769	24 218 512
Non Operating Expenditure			
Increase in inventories	8	-682 650	-286 048
(Increase)/decrease in consumer debtors	9 & 10	5 422 801	-29 352 579
(Increase)/Decrease in other debtors	11	-17 552 328	14 102 441
(Decrease)increase in conditional grants and receipts	16	39 249 893	6 559 721
Increase/(Decrease in Creditors)	3	15 996 940	3 676 941
Decrease in VAT	5	-1 065 146	
Increase in VAT			17 810 063
Cash generated by ((utilised in)operations		122 534 279	36 729 051
28. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:			
Bank balance and cash	13	5 172 501	5 492 227
Bank overdrafts			
Call investment deposits	12	2 732 349	10 254 488
Total cash and cash equivalents		7 904 850	15 746 715
29. UTILISATION OF LONG -TERM LIABILITIES RECOGNISATION			
Long-term liabilities		73 482 371	62 759 201
Used to financed property, plant and equipment - at cost		62 146 252	48 859 343
Sub - total		11 336 119	13 899 858
Cash invested for repayment of long-term liabilities			
Loans are annuity that are being repaid monthly, quarterly and half yearly			
30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
30.1 Unauthorised expenditure		None	
30.2 Fruitless and wasteful expenditure		None	

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
30.3 Irregular expenditure	None	
31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
31.1 Contributions to organized local government		
Opening balance	0	0
Council subscriptions	419 754	121 734
Amount paid - current year	419 754	121 734
Amount paid - previous year		
Balance unpaid (included in creditors)	<u><u>0</u></u>	<u><u>0</u></u>
31.2 Audit fees		
Opening balance	0	0
Current year audit fee		
Amount paid - current year	1 734 522	
Amount paid - previous year		721 341
Balance	<u><u>0</u></u>	<u><u>0</u></u>
31.3 VAT		
31.4 PAYE, UIF and SDL		
Opening balance	0	0
Current year payroll deductions	7 949 845	7 091 662
Amount paid -current year	-7 949 845	
Amount paid -previous year		-7 091 662
Balance unpaid (included in creditors)	<u><u>0</u></u>	<u><u>0</u></u>
Total	<u><u>0</u></u>	<u><u>0</u></u>

MOSES KOTANE LOCAL MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009(Continued)			
31.5 Pension and Medical Aid Deductions	2009	2008	
	R	R	
Opening balance	0	0	
Current year payroll deduction and council contribution	11 855 298	9 736 275	
Amount paid - current year	4 969 029		
Amount paid - previously year		3 986 812	
31.6 Councilor's arrear consumer accounts			
The following councilors had arrear accounts for more than 90 days, or less, as at			
	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
30th June 2009			
Councilor L P Molelekeng	4 307	566	3 741
Councilor L T D Ntsamai	480	259	221
Councilor M Nondzaba	2 741	179	2562
Councilor J Mookaneng	3 142	123	3019
Total Councilor Arrear Consumer Accounts	10 670	1 127	9 543
30th June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
Councilor D G seema	892	187	705
Councilor Motshegwa	1 249	308	941
Councilor M Nondzaba	1 706	393	1313
Councilor J Mookaneng	723	246	477
Councilor G E Ramoresi	273	227	46
Councilor L M J Tshite	1 032	408	624
Total councilor Arrear Consumer Accounts	5 875	1 769	4106
32. CAPITAL COMMITMENTS			
Approved in respect of capital expenditure			
Land and Buildings	10 204 208	11 010 000	
Infrastructure	80 888 970	46 400 432	
Community	4 264 436	1 226 044	
Heritage			
Other			
Approved but not yet contracted for			
Land and Buildings	5 400 000	6 600 000	
Infrastructure	11 525 264	86 640 759	
Community	1 000 000		
Heritage			
Other	4 436 000	11 790 000	
Total	117 718 878	163 667 235	
33. RETINGENT BENEFIT INFORMATION	None	None	
34. CONTINGENT LIABILITY			
Refer to note 39			
35. CONTINGENT ASSETS			
36. IN- KIND DONATIONS AND ASSISTANCE	None	None	
37. EVENTS AFTER THE REPORTING DATE			
38. COMPARISON WITH THE BUDGET			
Refer to Appendix E			

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

DISCLOSURES IN TERMS OF SEC. 125 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003

39 Subsection 125(1)(a): List of all municipal entities under sole or shared control of the municipality during the financial year and as at the last day of the financial year;

The Moses Kotane Development Agency (Pty) (Ltd) was established on 8 February 2006.
The Council holds all the shares in the company.

Subsection 125(1)(c): Particulars of any contingent liabilities of the municipality as at the end of the financial year;

Claims against the Municipality

1 NORTH WEST DEVELOPMENT CORPORATION (NWDC): BODIRELO INFRASTRUCTURE

Claim by NWDC for R 18 000 000 in respect of infrastructure installed by it in Bodirelo Industrial Township during 1990-1991. NWDC also questions municipality's right to hold it liable for the payment of assessment rates.

This matter could not be resolved and was submitted to Provincial Treasury in terms of section 44 of the MFMA.

From a legal point of view this claim have prescribed in law.

Claims on behalf of the Municipality

1 CLAIM FOR PAYMENT OF ASSESSMENT RATES: MUNICIPALITY / NWDC

The municipality has held NWDC liable for payment of assessment rates in respect of properties "owned" in terms of legislation applicable to municipal rating. The total amount due by NWDC at 30 June 2009, excluding interest, is R 8 029 161.

It was suggested that at the very least NWDC should pay the outstanding rates in respect of all properties other than those situated in Bodirelo, pending resolution of the dispute between the municipality and NWDC. This proposal was formally put to the managing director of NWDC and advising that the matter would have to be reported to National Treasury and request the latter to mediate between the parties in terms of sec. 44 of the MFMA, 2003, or alternatively proceed with legal action against NWDC for the recovery of the amount due. This matter has now been referred to Provincial Treasury in terms of Section 44 of the MFMA

NWDC is in the process to liaise with the MEC for Economic Affairs to resolve on this matter

2 NATIONAL- AND PROVINCIAL DEPARTMENTS-The outstanding property rates and service charges for all departments amounts to R 20 335 038.

The matter has been referred to Provincial Treasury in terms of Section 44 of the MFMA.

3 CLAIM FOR PAYMENT OF ADVERTISING FEES; MUNICIPALITY/ OASIS INNOVATIONS

Oasys Innivation entered into a advertising agreement with the municipality and outstanding advertising fees amounts to R 1 072 685. Summons has been issued and a Court date in the High Court is awaited.

MOSES KOTANE LOCAL MUNICIPALITY						
APPENDIX A						
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009						
EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE	Balance at 30/06/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009
LONG - TERM LOANS			R	R	R	R
ANNUITY LOANS			-			
ABSA						
Annuity Loan	30-0789-0423	30/09/2011	3 374 470		887 462	2 487 008
Annuity Loan	64974969	30/09/2009	211 410		193 934	17 476
Annuity Loan	64974977	30/09/2009	206 440		189 374	17 066
Annuity Loan	64974985	30/09/2009	168 448		154 523	13 925
Annuity Loan	64974993	30/09/2009	39 547		36 278	3 269
Annuity Loan	64975159	30/09/2009	39 547		36 278	3 269
Annuity Loan	67161926	30/06/2010	496 589		230 163	266 426
Annuity Loan	67161934	30/06/2010	189 197		87 691	101 506
Annuity Loan	67161942	30/06/2010	252 407		116 988	135 419
Annuity Loan	70057773	01/07/2011	161 481		161 481	0
Annuity Loan	70057781	01/07/2011	179 237		49 537	129 700
Annuity Loan	70057790	01/07/2011	60 045		16 595	43 450
Annuity Loan	70057803	01/07/2011	12 495		3 453	9 042
Annuity Loan	73443909	01/02/2012	374 210		83 041	291 169
Annuity Loan	73443933	01/02/2012	374 210		83 041	291 169
Annuity Loan	8065717250		1 512 449		17 126	1 495 323
TOTAL ABSA			7 652 182		2 346 965	5 305 217
INCA						
Annuity Loan	MOSE-00-0001	30/12/2014	12 822 811		710 680	12 112 131
Annuity Loan	MOSE-00-0003	31/12/2024	13 344 877		452 147	12 892 730
Annuity Loan	9078	31/12/2027	9 837 693		148 890	9 688 803
Annuity Loan	18721	28/03/2024	0	3 000 000		3 000 000
TOTAL INCA			36 005 381	3 000 000	1 311 717	37 693 664
DBSA						
Annuity Loan	100840	29/06/2024	8 111 270		193 685	7 917 585
Annuity Loan	100840	29/06/2024	6 602 097		158 470	6 443 627
Annuity Loan	101899	30/06/2021	4 388 245		175 854	4 212 391
Annuity Loan	102482	31/12/2023		12 410 365	500 478	11 909 887
TOTAL DBSA			19 101 612	12 410 365	1 028 487	30 483 490
TOTAL LOANS OUTSTANDING			62 759 175	15 410 365	4 687 169	73 482 371

MOSES KOTANE LOCAL MUNICIPALITY												
APPENDIX B												
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009												
	COST/ REVALUATION						Accumulated Depreciation					Carrying
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Value R
Land and Buildings												
Land	226 143 000		23 956 474		226 143 000	23 956 474						23 956 474
Buildings	31 939 964		4 873 115			36 813 079	943 713		189 906		1 133 619	35 679 460
Total	258 082 964		28 829 589		226 143 000	60 769 553	943 713		189 906		1 133 619	59 635 934
Infrastructure												
Roads	144 894 603		34 711 242			179 605 845	17 128 807		12 852 811		29 981 618	149 624 227
Storm water	459 053					459 053	16 730		45 905		62 635	396 417
Bridges	5 283 023					5 283 023	278 826		176 101		454 927	4 828 096
Sewerage Mains & Purification plant	1 191 440					1 191 440	107 230		47 658		154 887	1 036 553
Street lighting	27 011 177		15 320 291			42 331 469	1 761 890		898 859		2 660 749	39 670 720
Water Reticulation	170 056 067		32 581 988			202 638 055	101 781 453		8 124 881		109 906 334	92 731 721
Water Boreholes	19 050 366					19 050 366	7 148 104		1 016 020		8 164 123	10 886 243
Water Pump Stations	5 024 071					5 024 071	3 991 837		156 234		4 148 071	876 000
Reservoirs – Water	56 308 980					56 308 980	42 159 674		2 725 449		44 885 123	11 423 857
Water Treatment Works	22 470 096					22 470 096	17 271 864		1 003 164		18 275 028	4 195 068
Water Bulk Pipelines	180 940 000					180 940 000	134 422 000		8 372 000		142 794 000	38 146 000
Refuse Disposal Site	856 242		1 947 163			2 803 405	0		0		0	2 803 405
Total	633 545 118		84 560 684			718 105 802	326 068 416		35 419 080		361 487 496	356 618 306
Community Assets												
Parks & Gardens	457 580		555 927			1 013 507	103 357		76 333		179 690	833 817
Libraries	3 245 057		183 411			3 428 468	114 627		77 237		191 864	3 236 604
Recreational Grounds	15 680 915		1 025 686		4 174 960	12 531 641	378 847		426 860	139 165	666 542	11 865 099
Civic Buildings	21 136 897		2 224 879			23 361 776					0	23 361 776
Cemeteries	4 052 156		0			4 052 156	380 749		175 072		555 821	3 496 335
Total	44 572 604		3 989 903		4 174 960	44 387 547	977 579		755 503	139 165	1 593 917	42 766 532
Heritage Assets												
Sculpture	14 000					14 000						14 000
Total	14 000					14 000						14 000
Total carried forward	936 214 687	0	117 380 176	0	230 317 960	823 276 903	327 989 708		36 364 489	139 165	364 215 032	459 061 871

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009 (Continued)

	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Value R
Total brought forward	936 214 687	0	117 380 176	0	230 317 960	823 276 903	327 989 708		36 364 489	139 165	364 215 032	459 061 871
Leased Assets												
Other Assets												
Furniture & Fittings	3 860 085		162 166			4 022 251	2 739 873		394 346		3 134 219	888 032
Motor vehicles	19 724 140		8 478 722		1 200 600	27 002 262	8 816 907		2 375 919	459 493	10 733 334	16 268 928
Office Equipment	4 748 565		684 418			5 432 983	2 440 821		888 283		3 329 104	2 103 879
Plant and Equipment	5 041 871		428 900			5 470 771	2 745 646		748 958		3 494 603	1 976 168
Total	33 374 661		9 754 206		1 200 600	41 928 267	16 743 247		4 407 506	459 493	20 691 260	21 237 007
Total assets	969 589 348	0	127 134 382	0	231 518 560	865 205 170	344 732 955		40 771 995	598 658	384 906 292	480 298 878

MOSES KOTANE LOCAL MUNICIPALITY												
APPENDIX C												
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009												
COST							Accumulated Depreciation					
	Opening Balance R	Reclassification R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Carrying value R
Executive & Council	5 370 128		3 632 993		447 671	8 555 450	2 924 869		590 976	409 054	3 106 791	5 448 659
Finance & Admin	1 096 671		519 443			1 616 114	493 614		263 502		757 116	858 999
Finance & Admin Property	282 727 950		31 061 007		226 143 000	87 645 957	3 266 800		676 477		3 943 278	83 702 680
Finance & Admin Other	31 579		1 951 629			1 983 208	24 996		84 404		109 399	1 873 809
Planning & Development	1 836 128		0			1 836 128	1 331 537		305 343		1 636 881	199 247
Libraries	3 245 057		183 411			3 428 468	114 627		77 237		191 864	3 236 604
Cemeteries	4 052 156		551 430			4 603 586	380 749		187 917		568 666	4 034 920
Sport & Recreation	16 954 165		1 581 613		4 174 960	14 360 818	964 924		716 749	139 165	1 542 508	12 818 310
Public Safety	0		613 498			613 498	0		321		321	613 177
Waste Water Management	1 191 440		0			1 191 440	107 229		47 658		154 887	1 036 554
Waste Management Solid Waste	856 242		1 947 163			2 803 405					0	2 803 405
Road Transport	196 214 196		51 215 131			247 429 327	27 686 165		16 111 163		43 797 328	203 631 999
Water	456 013 637		33 877 063		752 929	489 137 771	307 437 445		21 710 248	50 439	329 097 254	160 040 517
TOTAL	969 589 348		127 134 382		231 518 560	865 205 170	344 732 955		40 771 995	598 658	384 906 292	480 298 878

MOSES KOTANE LOCAL MUNICIPALITY						
APPENDIX D						
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009						
2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
	36 796 699	-36 796 699	Executive & Council	0	43 718 918	-43 718 918
113 681 270	21 371 031	92 310 239	Finance & Admin	216 047 262	22 286 816	193 760 446
	9 155 102	-9 155 102	Finance & Admin Property	24 898	10 221 266	-10 196 368
	10 228 113	-10 228 113	Finance & Admin Other	0	13 468 571	-13 468 571
	7 941 498	-7 941 498	Planning & Development	134 168	9 660 914	-9 526 746
226 762	238 356	-11 594	Libraries	12 519	441 189	-428 670
6 645	201 281	-194 636	Cemeteries	11 547	500 098	-488 551
	5 815 757	-5 815 757	Sport & Recreation	0	6 667 423	-6 667 423
952 811	782 766	170 045	Public Safety	2 480 455	710 132	1 770 323
345 629	2 259 756	-1 914 127	Waste Water Management	367 882	1 959 179	-1 591 297
887 334	16 395 036	-15 507 702	Waste Management Solid Waste	951 733	16 633 151	-15 681 418
577 794	12 582 702	-12 004 908	Road Transport	2 295 796	30 470 828	-28 175 032
54 726 053	56 764 884	-2 038 831	Water	52 749 010	81 287 758	-28 538 748
171 404 298	180 532 981	-9 128 683	Sub Total	275 075 270	238 026 243	37 049 027
	-10 398 327	10 398 327	Less: Inter-departmental charges		11 033 494	11 033 494
171 404 298	170 134 654	1 269 644	Total	275 075 270	226 992 749	48 082 521
		1 269 644	Surplus			48 082 521

MOSES KOTANE LOCAL MUNICIPALITY APPENDIX E ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009					
REVENUE	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 14)	26 501 404	27 500 000	-998 596	-3.63%	
Service charges (see note 15)	41 938 312	49 972 800	-8 034 488	-16.08%	Less water was sold than budgeted for
Rental of facilities and equipment				0.00%	
Interest earned - external investments	806 854	2 600 000	-1 793 146	-68.97%	Less funds were invested than anticipated for
Interest earned - outstanding debtors	0	-	-	0.00%	
Traffic Fines	2 480 455	2 511 246	-30 791	-1.23%	
Dividends	-	-	-	0.00%	
Licenses and permits	-	-	-	0.00%	
Sale of Stands	5 420 545	-	5 420 545		
Government grants and subsidies	194 656 012	122 795 028	71 860 984	58.52%	MIG allocation of R71 818 191 was not included In the budget
Other income (see note 17)	3 117 291	750 100	2 367 191	315.58%	Interest on current account was not allocated under other revenue on the budget. provision was not made for water connections on the budget
Gains on disposal of property, Plant and equipment	154 397	-	154 397		Provision was not made on the budget for gains regarding the disposal of assets
Less: Income forgone	-	-	-	0.00%	
Transfer from Appropriations		1 000 000	-1 000 000		
Total Revenue	275 075 270	207 129 174	67 946 096	31,52%	
EXPENDITURE					
Executive & Council	42 380 193	44 149 808	-1 769 615	-4.01%	
	14 229 230	17 813 013	-3 583 783	-20.12%	Low spending on personnel and general Expenditure
Finance & Admin					
Finance & Admin Property	10 221 266	10 568 516	-347 250	-3.29%	
Finance & Admin Other	13 468 571	14 117 190	-648 619	-4.59%	
Planning & Development	9 099 069	12 099 237	-3 000 168	28.00%	Provision was not made for depreciation
Libraries	441 189	878 229	-437 040	-49.76%	Security paid under Safety and Security and less depreciation allocated to Libraries
Cemeteries	500 098	422 763	77 335	18.29%	Under provision was made for depreciation
Sport & Recreation	6 667 423	6 442 417	225 006	3.49%	
Public Safety	710 132	2 511 246	-1 801 114	-71.72%	Late appointment of Chief Traffic Officer as well savings on capital expenditure
Waste Water Management	1 959 179	3 560 448	-1 601 269	-44.97%	Personnel was remunerated under water budget
Waste Management Solid Waste	16 633 151	15 862 370	770 781	4.86%	
Road Transport	29 395 490	17 532 663	11 862 827	67.66%	Under provision was made for depreciation
Water	81 287 758	60 422 387	20 865 371	34.53%	Under provision was made for depreciation
Total Expenditure	226 992 749	206 380 287	20 612 462	9.08%	
NET SURPLUS/(DEFICIT) FOR THE YI	48 082 521	748 887			

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX F

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2 009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	3 632 993		3 632 993	4 300 000	667 007	16%	The sound system for the Council Chamber was not installed as well as savings on the purchase of vehicles
Finance & Admin	519 443		519 443	2 050 000	1 530 557	75%	The installation of a IT network in the Civic Centre did not realise
Finance & Admin Property	31 061 007		31 061 007	22 500 000	-8 561 007	-38%	The erection of Community Halls and extension of the Civic Centre Will only realise in the 2009/2010 Financial Year
Finance & Admin Other	1 951 629		1 951 629	1 700 000	-251 629	-15%	Savings on expenditure
Planning & Development	0		0	0	0		
Libraries	183 411		183 411	0	-183 411		
Cemeteries	551 430		551 430	600 000	48 570	8%	Saving on expenditure
Sport & Recreation	1 581 613		1 581 613	1 376 044	-205 569	-15%	Over expenditure on sports projects
Public Safety	613 498		613 498	800 000	186 502	23%	Purchase of furniture for Traffic department did not realise. Not yet well established
Waste Management Solid Waste	1 947 163		1 947 163	2 411 000	463 837	19%	Expenditure on new waste disposal site lower than expected
Road Transport	51 215 131		51 215 131	69 483 163	18 268 032	26%	Projects on roads not completed as budgeted for
Water	33 877 063		33 877 063	71 774 922	37 897 859	53%	Late implementation of projects as well as the delay in raising External funding
TOTAL	127 134 382		127 134 382	176 995 129	-49 860 747		

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX G

DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2009

Name of Grant	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and subsidies delay/withheld				Reason for delay/ withholding of funds	Did your Municipality comply with the grant framework in the latest Division of Revenue Act	Reason for non-compliance
		September	December	March	June	September	December	March	June	September	December	March	June			
Equitable Share	DPLG	34 913 317	26 184 988	47 016 003		27 028 577	27 028 577	27 028 577	27 028 577	None	None	None	None		Yes	
Municipal Systems Improvement	DPLG	735 000				449 750		179 955	105 295	None	None	None	None		Yes	
Finance Management	DPLG	500 000				405 000		95 000		None	None	None	None		Yes	
Municipal Infrastructure	DPLG	15 000 000	8 458 000	35 933 000		18 297 898	15 501 889	18 323 858	19 694 548	None	None	None	None		Yes	
Refurbishment	DWAF			2 000 000						None	None	None	None		Yes	
DWAF Operating and Maintenance	DWAF	4 253 000	1 853 000	1 853 000	1 296 750	4 253 000	1 853 000	1 853 000	1 853 000	None	None	None	None		Yes	

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

General statistics		2009	2008
Population		236 845	236 845
Registered voters		116 000	116 000
Valuation date: January 2008 with effect from 1 July 2008			
Total valuations	Land		407 351 300
	Improvements		1 808 731 200
	Improved	2 894 697 700	2 216 082 500
Provisional Supplementary	Land		47 625 900
Valuation Roll	Improvements		171 300 000
	Improved		218 925 900
Assessment rates			
Calculated on the improved value of the property			
Residential	per rand	0,0030	0.012 & 0.0034
		Less 17,000 on valuation	
		plus a rebate of 20% if developed	
Mining		0,0528	0.101 & 0.061
Commercial		0,0178	0.09 & 0.032
Other properties and right in land		0,0261	0.1173 & 0.0689
Sun City		0,0273	0.10 6& 0.0244846
Government properties and Tertiary Institutions		0,0400	0.1173 & 0.0689
Industrial		0,0073	0.09 & 0.032
		Less 20 %	Less 20 %
Number of properties			
Residential	Formal	3 242	3 242
Commercial	Formal	88	88
Churches	Formal	36	36
Service charges: (Per site)			
Refuse Removal			
Residential Madikwe		15.45 plus VAT	14.05 plus VAT
Commercial Madikwe		30.90 plus VAT	28.10 plus VAT
Residential Mogwase		15.45 plus VAT	14.05 plus VAT
Commercial Mogwase		30.90 plus VAT	28.10 plus VAT
Sewerage			
Residential Madikwe		15.45 plus VAT	14.05 plus VAT
Commercial Madikwe		30.90 plus VAT	28.10 plus VAT
Residential Mogwase		4.95 plus VAT	4.50 plus VAT
Commercial Mogwase		30.90 plus VAT	28.10 plus VAT
Water			
Residential		0 to 6kl Free of Charge	0 to 6kl Free of Charge
		6.1 to 45 kl R7.44	6.1 to 45 kl R6.76
		45.1kl and above R8.56	45.1kl and above R7.78
Small Business and State Department		0 to 45kl R7.44	0 to 45kl R6.76
		45.1kl and above R8.92	45.1kl and above R8.11
Bulk Consumers		R5.60 per kl	R5.10 per kl
Industrial and large consumers		R7.67 per kl	R6.97 per kl
All water tariffs are excluding VAT			
Water Statistics			
Number of users		25 643	20 647
Kl Purchased		11 299 286	12 045 839
Kl Sold		6 720 319	6 819 409
Free basic Kl		1 846 296	1 486 584
Kl Lost in distribution			3 739 846
Percentage lost in distribution		24,18	31,05
Cost per kl bought		2.100	2.600
Loss in distribution		5 793 263	9 723 599
Cost per kl sold		9.49	14.96
Income per kl sold		4.78	5.61
Number of employees		395	324
Number of councillors		60	60